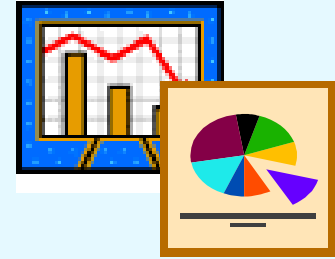


1999 Cohort Default Rate Analysis

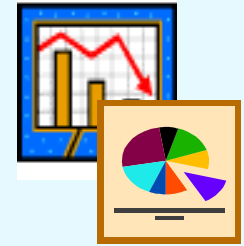
Status Report



Background



- Team formed on May 25
- Purpose of the Team
 - Identify why estimated 1999 DL cohort default rate became higher than the FFEL rate

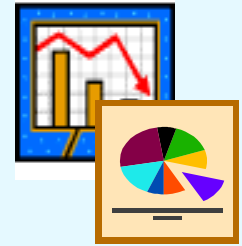


Team Goals

- Identify and analyze factors causing the DL CDR to be higher than the FFEL CDR
- Prepare a summary and comprehensive report



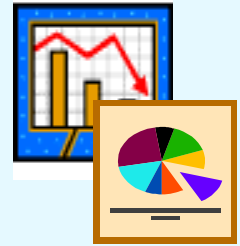
Accomplished to Date



- Identified 22 potential items that could cause the change/differences
- Conducted research to determine the validity of each item. (19 potential items analyzed to date)
- Compiled results of analyzes



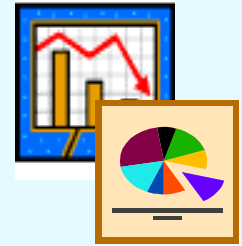
Preliminary Findings



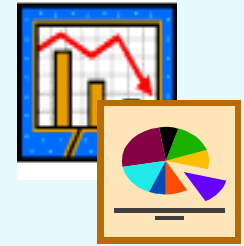
- Use Consolidations to restart delinquency clock and push FFEL defaults past 24 months
- FFEL portfolio make-up includes a higher percentage of lower risk schools
- Processing times and necessary steps
- Errors included 194 borrowers that should have been removed from the numerator



Next Steps



- Analysis will be done by July 23, 2001
- Final report will be completed by July 30, 2001

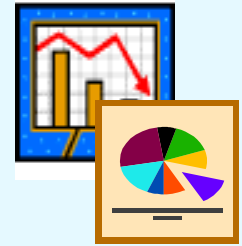


1999 Cohort Default Rate Analysis

Identified Opportunities



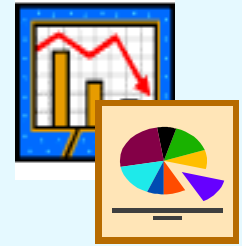
Background



- While conducting analyzes the Team identified potential opportunities for controlling DL default rates
- Opportunities could lead to proposed corrective actions



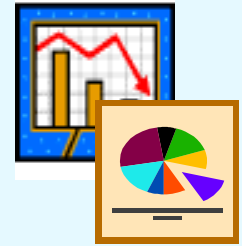
Potential Opportunities



- Develop an oversight plan to monitor CDRs throughout the year
- Identify potential actions that can promote loan parity
- Document findings to avoid replicating research next year



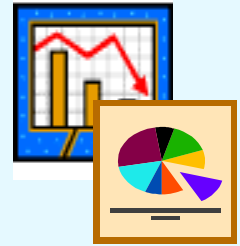
Impact of Potential Opportunities



- Identify steps to be taken to reduce DL CDR
- Improve oversight of loan program
- Improve program integrity
- Eliminate the need to replicate research next year



Resources Required



- Proposed actions to be completed by 8/8/01
- Need to continue current team for 1 day per week through August 8, 2001.